public services should be made strictly on the basis of open invitation of application and merit. There can, however, be an exception in favour of dependents of an employee dying in harness and leaving his family in penury and without any means of livelihood. The object of granting such appointments is to enable the family of the deceased employee to tide over the sudden crisis. In implementation of norms laid down by the Supreme Court a Model Scheme for payment of *ex-gratia* (lump-sum amount) in lieu of compassionate appointment was circulated by the Indian Banks' Association (IBA) to all the Public Sector Banks (PSBs) on 31.07.2004 advising them to frame their own scheme with approval of their respective boards. The Model Scheme is also applicable to the case of employees dying while performing official duty within or outside the office premises due to dacoity/robbery/terrorist attack.

(c) As regards providing employment to the next of kin of such employees dying in harness due to dacoity/robbery/terrorist attacks, boards of PSBs are authorized under the aforesaid Model Scheme to substitute, amend or vary its conditions, from time to time.

VAT on biscuits

207. SHRI B. K. HARIPRASAD: Will the Minister of FINANCE be pleased to state:

(a) whether ketchup, cheese and butter are free from levy of excise duty;

(b) if so, what is the rationale behind imposing VAT and excise on common man's nutrition food like biscuits costing less than Rs. 50.000 per kg; and

(c) whether Government would consider freeing nutritional biscuits of low value from the levy VAT and excise in the larger interests of the people living below poverty line?.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S. S. PALANIMANICKAM): (a) Yes, Sir.

(b) So far as VAT on biscuits is concerned, taxes on sale or purchase of goods is a State subject. An Empowered Committee of State Finance Ministers has been constituted to take decisions on all matters relating to State level VAT and sales tax related issues. The rates of tax in a VAT regime, classification of goods for taxation etc. are subjects to be decided

upon by the Empowered Committee. The Empowered Committee has decided that the rate of VAT on biscuits shall be 12.5%.

So far as rationale behind imposition of excise duty on biscuits is concerned, major raw material/inputs for manufacturing biscuits are wheat flour, vanaspati, preservatives and sugar, which are non perishable in nature, whereas raw materials used in ketchup, sauces, jams, juices, cheese and butter are perishable fruits, vegetables, milk and cream. Emphasis of the Government is for efficient and maximum utilization of perishable farm produce.

(c) As stated in reply to part (b) above, the Empowered Committee has decided that the rate of VAT on biscuits shall be 12.5%.

As regards excise duty, small scale/tiny units having annual turnover of less than Rs. 4 crore (during preceding financial year) are eligible for excise duty exemption on clearance of Rs. one crore in a financial year. The request for exempting biscuits from excise duty was examined and it was felt that apart from revenue loss, general exemption from whole of excise duty would remove the advantage available to the unorganized sector. Since imported biscuits are charged to CVD, equal to that of excise duty, a general exemption from whole of excise duty would reduce the protection level to domestic industry, as in that case CVD on imported biscuits will become nil, whereas the domestic manufacturers will have to bear inputs taxes in the range of 4% to 6%.

Flow of NRI investment

208. SHRI PRAMOD MAHAJAN: Will the Minister of FINANCE be pleased to state:

(a) the percentage of N. R. I. Investment to the total foreign direct investment inflows in the country; and

(b) what steps are being taken by Government to attract more NRI investment for the overall development of the country?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) The amount of N.R.I. investment inflows from August, 1991 to December, 2005 was Rs. 9,650.64 crore constituting 6.30 per cent of the total Foreign Direct Investment (FDI) inflow.

(b) The general policy and facility for Foreign Direct Investment (FDI) as available to foreign investors/companies are fully applicable to